

to the appropriate time I hope that the chairman and the full Senate would look upon that kind of amendment in favorable light.

Another amendment that I think certainly the chairman and the Senate would look favorably on is an amendment to enforce the S. 1296 ban on extraneous provisions. This amendment would provide effective enforcement provisions already in the bill.

As reported, S. 1269 prohibits extraneous provisions from being included in trade agreement bills considered under fast track. The bill limits fast-track trade bill provisions to those necessary or related to the implementation of a trade agreement, or not necessary to comply with the Budget Act.

This is a major improvement, I think, over previous fast-track legislation. However, S. 1269 currently contains no effective enforcement of this provision. Let's remember the North American Free-Trade Agreement and what we fell into there. We forced small business people to have to go to computerized methods of accounting and withholding. That was a tax increase, in so many words, that was inflicted upon us in a "take it or leave it" proposition. What my amendment would do is prohibit that kind of extraneous material, or any hidden tax that might come sneaking through, if you will, in a trade agreement of the kind the President would be allowed to negotiate under fast track.

Also, I have offered an amendment that would require domestic tax increases to be amendable, and that adds to the strength of the amendment I have just offered.

Those are the three. The other one is a clarification of the standard for the importation of firearms. This amendment is aimed at clarifying current law and preventing the administration from continuing to abuse its trade authority to carry out a political agenda against firearms. Even for firearm imports, there needs to be a meeting of a standard and a test. We think the administration has gone well beyond that.

That is the essence of the amendments that I have filed. Depending on how we get to the issue of fast track and what the House is able to do in the coming hours could determine our ability here in the Senate to perfect or to shape the fast-track agreement.

With that, I will file those amendments and yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

IRS RESTRUCTURING ACT OF 1997

Mr. KERREY. Mr. President, I ask unanimous consent the Senate proceed immediately to H.R. 2767, the IRS Restructuring Act of 1997, just received yesterday from the House, that the bill be read three times and passed, and the motion to reconsider laid on the table.

Mr. ROTH. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KERREY. Mr. President, I hope my colleagues understand this legislation is something that will, by all accounts, today improve the operational efficiency of the IRS. It does not address many of the issues that were raised by the Senate Finance Committee during its 3 days of hearings and the chairman has indicated he is going to take those up next year. But in the 24 hours since I have offered this unanimous-consent resolution there have been 135,000 notices sent to taxpayers asking them to pay additional taxes and over 250,000 phone calls made by taxpayers to the IRS, trying to get information. These are the two principal points of contact, of irritation, that taxpayers have brought to us over and over and over.

The IRS Commissioner under current law simply does not have the authority to manage the agency. He can't hire and fire his top people, can't provide financial incentives, doesn't have the kind of oversight that's needed and doesn't have the requirement to publish his audit data. All that is kept for the moment confidential.

This piece of legislation, passed almost unanimously by the House, would certainly get nearly a unanimous vote here in the Senate as well. Everything in this legislation—if you look at it you would say, "My gosh, I'm surprised it isn't done already." As I said, every single day we wait, another 135,000 or so notices are going to go out to taxpayers that they owe additional taxes; a quarter of a million phone calls are going to be coming into the IRS, and they are not going to be managed nearly as well.

In our own survey we did to determine what was going on out there we found that 70 percent of the people who call in say they get good service from the phone calls, but that means that 3 out of 10 do not get good service. They are complaining. They are not getting their questions answered, for those who actually get through: A 25 percent error rate in the current environment, the current paper environment; less than 1 percent for electronic filing. The law that we propose, that was passed, as I said, nearly unanimously by the House, provides new incentives and powers to move to electronic filing. I hope my colleagues will understand the urgency of doing this. And what will happen, the price the taxpayers will pay, with a delay.

In this morning's papers there were stories about the Speaker saying he was going to try, in one of the conference committees, to get an amendment accepted that would have the IRS doing something that I can't imagine that anybody in this body would support. My guess is, if we discovered the IRS was doing what the Speaker is saying that he would like the IRS to do, most of us would be out here on the floor speaking out against it. He is proposing that the IRS conduct a poll, a 14-question poll. If you look at questions, you know what the answers are

going to be. "Do you think your taxes are fair or unfair?"

Not only a poll, but every single American taxpayer would be mailed under separate cover this poll. Not only would the taxpayer be mailed the poll, but the poll would also go to post offices, it would go to preparers, this poll would go to anybody who has contact with the IRS. The taxpayer then would be asked to fill out the questionnaire and mail it—not back to the IRS, but back to the General Accounting Office where they would be compiled and the results then would be published. The estimate of the costs to do that range from about \$30 million up to \$80 million. If somebody came to the floor today and said guess what, the IRS is doing a \$30 to \$80 million poll to find out whether or not the American taxpayers think their taxes are fair enough, if the level of taxes is fair or not, among other questions, I think it would be a 100-to-nothing vote to say the IRS cannot do this.

So I hope those who are on the Appropriations Committee, when they are working in these conferences, will make it clear that the Senate doesn't support asking the IRS to do a \$30 to \$80 million poll which will increase the caseload and work of the IRS itself, which will cause taxpayers to say, "My gosh what does this mean?" call the IRS with additional questions, and will cause people to say, "I don't know whether I want to mail this back. I am afraid this might produce some adverse reaction from the IRS itself."

This will increase complexity. Those who are proposing this have said that it is real simple, "We will just take it out of customer service, we will take the money out of customer service and it won't cost us anything at all." Again, can you imagine if somebody came to the floor and said, "Guess what the IRS is doing? They are proposing to spend \$30 million up to \$80 million out of customer service to do a 14-question poll." I can't imagine there wouldn't be 100 Senators down here saying we object to the IRS doing it.

This is a case where the Speaker of the House says he may ask the conference committee to direct the IRS to do this very thing. Mr. President, I hope Members, if we hang around here for another 4 or 5 days—given the word that I got that the House is going to vote on fast track, I guess, tomorrow; we could be here for awhile—every single day we wait, another 130,000 notices go out from the IRS to taxpayers that they owe money, another quarter of a million phone calls are going to come into the IRS, asking the IRS questions. The commonsense recommendations in this piece of legislation are so compelling that only four Members of the House of Representatives voted against it.

I believe this legislation would pass very quickly here in the Senate. It would set up, in fact, a debate over our tax system and put us in a position to be able to enact many of the things the

chairman of the Finance Committee, the distinguished Senator from Delaware, wants to pass. I think it is very difficult to explain to taxpayers back home why we didn't give the Commissioner the legal authority needed to manage his agency in a manner that would enable the voluntary compliance to go up and customer satisfaction to improve as well.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I rise to object to the unanimous-consent request made by my distinguished colleague, Senator BOB KERREY. In doing so, let me be clear that I applaud Senator KERREY's tremendous work and leadership, and I am grateful for the groundwork he and the commission he has chaired have laid in the important effort to reform the Internal Revenue Service.

What concerns me, Mr. President, is that the legislation which is being advocated at this time is—as the Washington Post pointed out—a measure that has not been subject to the kind of scrutiny and debate that must attend such an important issue. The fact is that Congress will get only one good opportunity to pass necessary and meaningful reform to the IRS. The work accomplished by the commission chaired by Senator KERREY and Congressman PORTMAN disclosed a number of shortcomings within the agency. A near year-long investigation by the Senate Finance Committee and hearings that we held in September disclosed even more issues that need to be addressed. And our on-going investigation continues to turn up others on what has nearly turned into a daily basis.

IRS reform must be complete. It must be accomplished thoughtfully, methodically, thoroughly—with Congress, the administration, and the taxpayers working together. Everyone knows that the last great attempt at reform, the King Commission in the 1950's, led to a major overhaul of what was then known as the Bureau of Internal Revenue. But within only a few years, the agency was once again whacked by abuse and misuse of authority.

We need complete reform, Mr. President. This time, we must get it right.

Among those things that we must analyze and address are:

Giving the oversight board—called for in this legislation—the authority to look at audit and collection activities;

Insuring that all taxpayers have due process and that the IRS does not abusively use its liens and seizures authority;

Making the taxpayer advocate within the agency independent and responsible to the oversight board;

Establishing an independent inspector general within the IRS, and requiring the IG—like the taxpayer advocate—to report to the oversight board;

Requiring signatures on all correspondence;

Banning the use of false identifications;

Banning the use of Bureau of Labor Statistics as a mechanism to determine taxpayers' income; and,

Banning the use of statistics and goals in determining performance of IRS employees.

Mr. President, each of these represents an area where we need to make reform. And the truth is, they are only a sampling of the needed changes that emerged from our first series of hearings. I know that there will be others. They, as well as these, will have to be examined, debated and—where and when appropriate—adopted as part of a major overhaul.

For these reasons, I object to the unanimous-consent request made by Senator KERREY.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I appreciate very much the comments of the distinguished chairman of the Finance Committee, the senior Senator from Delaware. Especially his willingness to hold 3 days of hearings, penetrating what is called the 6103 veil, which allows us to see information that typically is held in secret, in confidence, to protect the taxpayer. These hearings enabled the American people to see abuses that most Americans look at and say: This is objectionable and should not be allowed to continue.

I would point out, though, that the board question that the chairman raised here, giving the board more authority—the Washington Post editorial cited one of the reasons they wanted more hearings was they thought the legislation that we had given the board too much authority. So my guess is they would write it, if we gave the board more authority—they would write the committee saying: You better give the board more hearings because you still have it wrong.

We had 12 days of hearings in the hearings that Congressman PORTMAN of Ohio and I conducted. Thousands of interviews with IRS employees, former Commissioner Richardson supports it, former Commissioner Goldman supports the recommendation, former Treasury Secretary Baker, former Treasury Secretary Brady and current Treasury Secretary Rubin—all support the legislation. All have examined it. We have had a full markup in the Ways and Means Committee. This may not go as far as some would like, but given the fact that we handle 200 million tax returns, individual and corporate, every single year, it seems to me reasonable that we begin with this board somewhat cautiously.

It has significant authority in the development of the strategic plan. It has authority to make advisory recommendations on the budget as well. It can pass judgment on the performance of the Commissioner and make recommendations to the President in regard to the Commissioner's actions.

We do, in fact, in the amendments that have been agreed to now by 14

members of the Finance Committee, as the chairman indicated, give the taxpayer advocate the independence needed to be a true effective advocate for the taxpayer. Instead of being an employee of the IRS, the advocate would be able to operate more independently than is currently the case, and many of the changes the chairman has indicated that he would like to do I fully support.

What seems to me to be the most compelling question of all is, do you want the new Commissioner of the IRS to have the authority to hire and fire senior people, to be able to provide positive financial incentives, to be required to disclose what the audit requirements are, to have incentives to be able to go to electronic filing, to have the legal authority to be able to comment on tax complexity?

All these things are fairly straightforward. I can't imagine anybody saying the IRS Commissioner should not have the authority this legislation gives him to be able to manage the agency. The risks are high, Mr. President, that in this next filing system, given what we have discovered now by penetrating the 6103 veil, there is a good chance we are going to get a decrease in voluntary compliance, with citizens saying it may be a small percentage and, indeed, our commission discovered that it is a relatively small percentage of IRS employees who are abusing the authority and the power that they have. But I can tell you that when the odds are only 4, 5 or 6 percent, that is still pretty good odds if it is your tax return, if it is your life, if it is your future that is at stake.

We risk a lot by delaying, and the people who are going to pay a price, again, are those 130,000 people who every single day are going to get a letter in the mail saying, you owe additional taxes, and that quarter of a million people who are going to call up every single day to the IRS trying to get a question answered.

I don't disagree at all with the chairman's identifying some additional things that need to be done, but where we have such broad consensus among Republicans and Democrats, with only four dissenting votes in the House, my guess is in the Senate it would pass nearly unanimously as well once people look at the details of this legislation and see what it would give new Commissioner Rossotti the authority to be able to do.

Again, I don't know how long we are going to be around here, but this piece of legislation, if it were taken up in the manner I have described, I believe would be passed quickly, would be in conference quickly, get it to the President, get his signature and would set up not just the debate that the distinguished chairman of the committee has identified, but also a debate on tax simplicity and other things that ought to be taken up by this body as well as the House.

This sets up the debate. It doesn't decrease the opportunity for a debate. It

makes it more likely we will have a healthy debate about tax simplicity, about our code and about further changes that need to be made in the IRS in order to make certain that we can close this breathtaking gap that exists today between what the IRS is able to do and what the private sector is able to do for that 85 to 90 percent of the American people who are voluntarily willing to comply to pay their taxes, if they can just get one answer, which is: How big is the bill? How much do I owe?

It is that question that dictates much of the financial planning that American families are doing, and it is a very difficult question to get answered in the current environment. That question would be made much easier to answer if we would just take this piece of legislation up, enact it and get it on to the President for his signature.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, our colleague from Nebraska, I think, made the same request yesterday, and maybe some of the same comments were made yesterday. If we didn't have additional ideas to make the legislation better, I would agree with him, because I think the House passed some good legislation. I think we can make it better. Chairman ROTH mentioned a couple things we can do.

We had good hearings. Actually, the hearings that promulgated a lot of the IRS reforms happened in the Senate, not in the House. Our House colleagues, as the Constitution provides, initiates revenue measures. So they have acted and they have acted promptly. I congratulate Chairman ARCHER, who I think does an outstanding job as the chairman of the Ways and Means Committee. The House has done good work and passed a good, bipartisan bill.

Likewise, we can do good work in the Senate and pass a bipartisan bill. We might do better. We might add and build upon what the House has in their legislation. We heard from a lot of things. Mr. Dolan, the acting Commissioner of the IRS, had some suggestions, brought out some points. We had witnesses who talked about IRS abuse. I think we can build upon some of the changes that the House has advocated and make a better bill, but it may take a little bit of time to do it. I would like to do it and do it right.

Again, I appreciate what our colleague from Nebraska is saying, but I would very much like and happen to agree with the chairman, I think we would be better off if we allow the Finance Committee to mark up the legislation, make some improvements, and pass legislation that, again, will, hopefully, receive bipartisan support and the President's signature as well.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I appreciate very much what the distinguished

Senator from Oklahoma is saying. We have had many conversations. He is co-sponsoring the legislation, so I know he wants to get this reform enacted. I believe that when we know we can get something done that will improve the operation of the IRS, we ought to do it.

Again, I respectfully say, I think this sets up the basis for further action, because it gives the IRS Commissioner the kind of authority that the IRS Commissioner needs to manage the agency. It gives the IRS Commissioner authority to say this is what we think the Code is doing to the taxpayers, this is what it is costing the taxpayers to comply with the Code we have.

I favor rather aggressive reform of the Code. I certainly wouldn't come to the floor and say I don't think we ought to do it until we reform the Code. There is lots more that can be done with the IRS, no doubt about it. But I don't think we are ever going to have a single piece of legislation that does it all.

For gosh sakes, we just confirmed a new Commissioner and sent him over to run an agency of 115,000 people. Look at the law. The law doesn't give him the authority to manage the agency.

It doesn't give him the authority to hire and fire senior people.

It doesn't give him the authority to provide positive financial incentives so the agency can be run in a better fashion.

It doesn't give him legal authority to move expeditiously to electronic filing.

It doesn't require the basis of the disclosure of audits. There is a cumbersome Freedom of Information Act process with the IRS. It is especially slow and difficult for citizens who are trying to get information.

It doesn't require the establishment of some complexity analysis so that we can make a judgment about whether or not what we are doing is going to make it harder for the taxpayers to comply.

It doesn't require the kind of coordinated oversight that is needed with a public board governing the IRS that will enable us to achieve consensus on a strategic plan.

All these things are in there. You look at them and say, "I can't be against it." There likely will be 100 votes for all the things I just described. Why not do it now? It doesn't preclude us from coming back next year and taking further action. All these things I listed will improve benefits to American taxpayers, to those 130,000 every single day who are going to receive in the mail a notice that they owe additional taxes, to a quarter of a million who are going to pick up a phone and make a phone call and try to get an answer to some question they have.

If you look at the law that is being proposed that was passed by the House by all but four Members, I urge my colleagues on the other side of the aisle to look at the law and see, for gosh sakes, that this doesn't prevent us from taking action next year, this doesn't pre-

vent the Finance Committee or any other committee from holding hearings and considering legislation to improve it.

All this does is it matches with authority the responsibility that the Commissioner has and will enable, unquestionably enable, the customers, the taxpayers of the United States of America to get better service than they are currently getting. They are going to pay a price for delaying.

The congressional restructuring commission had 12 public hearings, thousands of interviews with private sector individuals. This legislation, by the way, has the endorsement of every provider out there of services to payers, as well as the endorsement of the National Federation of Independent Businesses.

This piece of legislation has been examined from stem to stern by an awful lot of people who are now embracing and endorsing the legislation and saying that on behalf of the American taxpayers, this piece of legislation, this change in the law for the IRS will make the IRS more efficient and make the taxpayers themselves more competent; that not only are they going to get a fair shake, but get a right answer to the question that they ask.

I will be down here again tomorrow if we are still around here, and the next day if we are still around here, and however long it takes. We can conference this thing in a day and get it on to the President. I hope Members on the other side will look at this law and begin to ask the question, do we want to change the law this time and come back and address all the other things the distinguished Senators from Delaware and Oklahoma said we ought to be doing?

Mr. President, I yield the floor.

Mr. SMITH of Oregon addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

PRIVILEGE OF THE FLOOR

Mr. SMITH of Oregon. Mr. President, I ask unanimous consent that Jim Ahlgrimm, a congressional fellow in my office, be granted the privilege of the floor for the duration of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMITH of Oregon. I thank the Chair.

(The remarks of Mr. SMITH of Oregon pertaining to the introduction of S. 1406 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

TRIBUTE TO OUR VETERANS

Mr. SMITH of Oregon. Mr. President, I would like to pay tribute to our veterans as we prepare to celebrate Veterans Day on Tuesday. Each day as I drive to work to the U.S. Senate, I cannot help but notice all the beautiful